DEPARTMENT OF HEALTH AND HUMAN SERVICES
HEALTH CARE FINANCING ADMINISTRATION
BUREAU OF PROGRAM OPERATIONS

MEDICAID FINANCIAL HIGHLIGHTS

Vol. 1, No. 2

November 1983

REPORTS
RA
412
4
M4225
v.1, no.2
(1983:Nov.)

RA
412.4
.M4225
v.1, no.2
(1983:Nov.)

The Medicaid Financial Highlights report reviews current issues and trends in Medicaid financial operations. The Division of State Agency Financial Management prepares highlights on a periodic basis. For more information on this report call Dave McNally on extension 71398 or Barry Turska on extension 46876.

MEDICAID MANAGEMENT INFORMATION SYSTEM COSTS

FYs 1981 - FY 1985

The Medicaid Management Information System (MMIS) program was introduced in fiscal year (FY) 1972 to provide Medicaid administrators with a tool for better management control of the expanding Medicaid program. The MMIS provides computer processing of huge volumes of provider claims, more accurate verification of Medicaid recipient eligibility, improved fiscal control, and more data for program management.

The Health Care Financing Administration (HCFA) is expected to reimburse the States approximately $1.4 billion for the 5-year period FY 1981 through FY 1985 for costs associated with the design (90 percent Federal share) and operation (75 percent Federal share) of approved MMISs (Table 1).

The map on the following page highlights the fact that over the period FY 1981 through FY 1985, 10 States account for 66 percent of the total MMIS costs (Federal share).

The only large State, in terms of Medical Assistance Payments, that did not place in the top 10 in terms of MMIS costs for this period was Massachusetts. The reason for this apparent anomaly is that Massachusetts does not have a certified system. However, Tables II and III show that the State is anticipating approval of their MMIS and is projecting costs of $8,065,000 (In-House) and $13,356,000 (Private Contractor) for FYs 1983-1985.

Table III shows that California, Illinois, and Texas account for approximately 60 percent of all the increase in private contractor costs in FY 1983 over FY 1982. These increases were due to California and Illinois receiving approval of their MMIS and Texas instituting a new health insurance contract with higher rates after a decrease in FY 1982.

MMIS Highlights for the FY 1981 - FY 1985 Period

* Forty-three States and parts of New York have approved MMISs.

* Maryland and Massachusetts do not have a certified MMIS.

* Private sector contractors account for 47 percent of total MMIS costs.

* Maine, Minnesota, Nebraska, and Oklahoma do not use or anticipate the use of private sector contractors. (Table I)

* Kansas and New Mexico are the only States that do not report any in-house MMIS costs. (Table II)

* Georgia, ranked 12th in terms of Medical Assistance Payments, is ranked 7th in amount of MMIS costs.

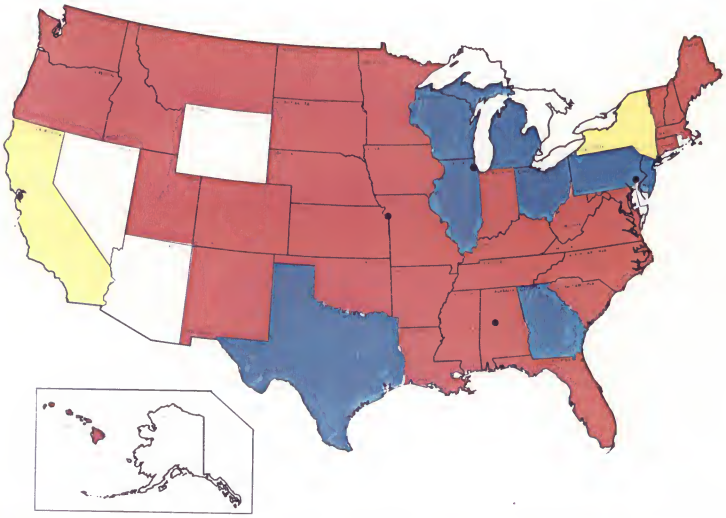
* Six States are subject to System Performance Review (SPR) MMIS penalties in calendar year (CY) 1983 (Georgia, Nebraska, New Hampshire, Indiana, Iowa, and Ohio).

* Thirteen jurisdictions are potentially liable for SPR MMIS penalties in CY 1984. They are: Connecticut, District of Columbia, Florida, Georgia, Idaho, Illinois, Indiana, Louisiana, Montana, New Hampshire, New York, Texas, and Vermont.

* Design and operation of the MMIS account for 28 percent of all Administration and Training costs.

FY 1981 - FY1985

10 STATES ACCOUNT FOR OVER 66% OF TOTAL (FEDERAL) MMIS COSTS



- Two states account for 33% of total MMIS costs
- Eight states account for 33% of total MMIS costs
- Thirty-five states account for 34% of total MMIS costs
- Six states have no MMIS costs

TABLE I
Design and Operation of MMIS
FY 1981 - FY 1985 [1]
($000)

	In-House	Private	Total
ALABAMA	$ 11,265	$ 11,393	$ 22,658
ALASKA [2]			
ARIZONA [2]			
ARKANSAS	1,483	8,517	10,000
CALIFORNIA	47,351	102,454	149,805
COLORADO	2,684	14,814	17,498
CONNECTICUT	2,194	9,869	12,063
DELAWARE [2]			
DIST. OF COL.	141	5,260	5,401
FLORIDA	110	33,705	33,815
GEORGIA	45,000	2,182	47,182
HAWAII	387	8,849	9,236
IDAHO	349	2,949	3,298
ILLINOIS	21,070	22,209	43,279
INDIANA	2,761	17,096	19,857
IOWA	2,312	9,365	11,677
KANSAS		7,361	7,361
KENTUCKY	10,073	7,037	17,110
LOUISIANA	469	3,432	3,901
MAINE	8,189		8,189
MARYLAND	10,767	1,852	12,619
MASSACHUSETTS	8,065	13,356	21,421
MICHIGAN	87,673	1,182	88,855
MINNESOTA	18,062		18,062
MISSISSIPPI	475	10,140	10,615
MISSOURI	1,071	12,696	13,767
MONTANA	2,565	3,632	6,197
NEBRASKA	8,450		8,450
NEVADA [2]			
NEW HAMPSHIRE	6,081	630	6,711
NEW JERSEY	12,442	45,336	57,778
NEW MEXICO	- 0 -	10,921	10,921
NEW YORK	201,052	104,483	305,535
NORTH CAROLINA	7,771	22,130	29,901
NORTH DAKOTA	3,403	1	3,404
OHIO	27,062	22	27,084
OKLAHOMA	23,858		23,858
OREGON	8,827	1,481	10,308
PENNSYLVANIA	61,571	24,819	86,390
RHODE ISLAND [2]			
SOUTH CAROLINA	15,030	896	15,926
SOUTH DAKOTA	2,679	277	2,956
TENNESSEE	13,927	17,361	31,288
TEXAS	26,619	45,296	71,915
UTAH	11,603	1,478	13,081
VERMONT	1,045	6,658	7,703
VIRGINIA	2,056	20,169	22,225
WASHINGTON	22,225	1,588	23,813
WEST VIRGINIA	2,557	3,706	6,263
WISCONSIN	6,541	39,216	45,757
WYOMING [2]			
TOTALS	$ 749,315	$ 655,818	$ 1,405,133

[1] Source: FY 1981 and FY 1982 Form HCFA-64; FY 1983-1985 Form HCFA-25

[2] No active Federal MMIS plan and exempted from the Schweiker penalty

TABLE 11

DESIGN AND OPERATION OF MMIS

FY 1981 - 1985 [1/]

IN-HOUSE COSTS

($000)

	FY '81	FY '82	FY '83	FY '84	FY '85	TOTAL
ALABAMA	$ 516	$ 1,285	$ 3,261	$ 2,978	$ 3,225	$ 11,265
ALASKA [2/]						
ARIZONA [2/]						
ARKANSAS	984		124	180	195	1,483
CALIFORNIA [4/]	4,907	19,256	14,312	4,368	4,508	47,351
COLORADO	334	496	638	701	515	2,684
CONNECTICUT	1,444	750				2,194
DELAWARE [2/]						
DIST. OF COL.	18	23	30	35	35	141
FLORIDA	32	20	56	1	1	110
GEORGIA	7,397	6,588	9,433	10,376	11,206	45,000
HAWAII	95	78	69	73	72	387
IDAHO	23	84	75	81	86	349
ILLINOIS	601	151	6,371	7,617	6,330	21,070
INDIANA	1,146	1,615				2,761
IOWA	327	390	473	529	593	2,312
KANSAS [3/]						
KENTUCKY	886	978	4,934	2,280	995	10,073
LOUISIANA			84	338	47	469
MAINE	829	1,717	1,796	1,877	1,970	8,189
MARYLAND		149	2,518	3,857	4,243	10,767
MASSACHUSETTS		366	2,149	2,550	3,000	8,065
MICHIGAN	13,736	17,724	17,602	18,835	19,776	87,673
MINNESOTA	3,025	3,006	3,639	4,035	4,357	18,062
MISSISSIPPI		424		24	27	475
MISSOURI	98	277		405	291	1,071
MONTANA	49		580	715	1,221	2,565
NEBRASKA	1,164	1,668	1,845	1,852	1,921	8,450
NEVADA [2/]						
NEW HAMPSHIRE	1,102	1,126	1,205	1,252	1,396	6,081
NEW JERSEY	2,043	1,881	2,649	2,863	3,006	12,442
NEW MEXICO [3/]						
NEW YORK	34,371	38,461	34,020	45,270	48,930	201,052
NORTH CAROLINA	90	1,318	2,066	2,090	2,207	7,771
NORTH DAKOTA	483	591	767	758	804	3,403
OHIO	4,610	4,950	5,204	5,798	6,500	27,062
OKLAHOMA	3,633	4,229	4,766	5,373	5,857	23,858
OREGON	692	1,127	2,019	2,434	2,555	8,827
PENNSYLVANIA	3,793	12,070	13,207	15,962	16,539	61,571
RHODE ISLAND [2/]						
SOUTH CAROLINA	875	2,157	2,648	4,561	4,789	15,030
SOUTH DAKOTA	234	381	632	698	734	2,679
TENNESSEE	2,652	2,482	2,873	2,930	2,990	13,927
TEXAS	4,432	5,079	5,490	5,715	5,903	26,619
UTAH	1,052	2,735	2,407	2,626	2,783	11,603
VERMONT	432	50	270	293		1,045
VIRGINA	2,049	7				2,056
WASHINGTON	4,540	5,085	4,615	3,900	4,085	22,225
WEST VIRGINIA	16	790	582	560	609	2,557
WISCONSIN	707	628	1,543	1,728	1,935	6,541
WYOMING [2/]						
TOTALS	$ 105,417	$ 142,192	$ 156,952	$ 168,518	$ 176,236	$ 749,315

1/ Source: FY 1981 and FY 1982 Form HCFA-64; FY 1983-1985 Form HCFA-25

2/ No active Federal MMIS plan and exempted from the Schweiker penalty

3/ States that do not report any in-house MMIS costs

4/ FY 1982 includes prior period claims

TABLE III

DESIGN AND OPERATION OF MMIS

FY 1981 - 1985 1/

PRIVATE SECTOR CONTRACTORS COSTS

($000)

	FY '81	FY '82	FY '83	FY '84	FY '85	TOTAL
ALABAMA	$ 1,832	$ 2,287	$ 2,474	$ 2,400	$ 2,400	$ 11,393
ALASKA 2/						
ARIZONA 2/						
ARKANSAS	1,066	1,590	2,111	1,800	1,950	8,517
CALIFORNIA	7,160	17,961	24,903	25,801	26,629	102,454
COLORADO	1,508	2,844	3,161	3,477	3,824	14,814
CONNECTICUT		632	2,848	3,086	3,303	9,869
DELAWARE 2/						
DIST. OF COL.	1,258	225	1,125	1,275	1,377	5,260
FLORIDA	8,231	8,608	7,394	4,674	4,798	33,705
GEORGIA		1,957	81	144		2,182
HAWAII	1,640	1,145	2,040	1,943	2,081	8,849
IDAHO	500	507	601	651	690	2,949
ILLINOIS	2,945	210	5,084	8,261	5,709	22,209
INDIANA	2,742	3,471	3,472	3,598	3,813	17,096
IOWA	1,862	1,643	1,798	1,965	2,097	9,365
KANSAS	1,210	1,226	1,736	1,653	1,536	7,361
KENTUCKY	151	1,841		2,080	2,965	7,037
LOUISIANA	3,432					3,432
MAINE 3/						
MARYLAND		28	1,257	270	297	1,852
MASSACHUSETTS	153	714	2,004	4,612	5,873	13,356
MICHIGAN	1,182					1,182
MINNESOTA 3/						
MISSISSIPPI	2,422	1,969	2,258	1,867	1,624	10,140
MISSOURI	2,370	2,702	2,176	2,619	2,829	12,696
MONTANA	728		660	1,719	525	3,632
NEBRASKA 3/						
NEVADA 2/						
NEW HAMPSHIRE				255	375	630
NEW JERSEY	9,588	7,263	8,957	9,526	10,002	45,336
NEW MEXICO	1,718	1,768	2,763	2,279	2,393	10,921
NEW YORK	19,858	20,320	19,860	21,360	23,085	104,483
NORTH CAROLINA	825	4,651	5,114	5,522	6,018	22,130
NORTH DAKOTA	1					1
OHIO	12	10				22
OKLAHOMA 3/						
OREGON		972	509			1,481
PENNSYLVANIA	1,154	5,846	5,270	6,048	6,501	24,819
RHODE ISLAND 2/						
SOUTH CAROLINA	134	146	134	235	247	896
SOUTH DAKOTA	277					277
TENNESSEE	4,532	2,824	3,269	3,335	3,401	17,361
TEXAS	8,657	5,995	9,563	10,180	10,901	45,296
UTAH			1,382	46	50	1,478
VERMONT	1,217	1,131	1,127	1,426	1,757	6,658
VIRGINA	2,062	4,322	4,420	4,541	4,824	20,169
WASHINGTON			1,588			1,588
WEST VIRGINIA	460	734	813	842	857	3,706
WISCONSIN	9,589	6,564	6,835	7,655	8,573	39,216
WYOMING 2/						
TOTALS	$ 102,476	$ 114,106	$ 138,787	$ 147,145	$ 153,304	$ 655,818

1/ Source: FY 1981 and FY 1982 Form HCFA-64; FY 1983-1985 Form HCFA-25

2/ No active Federal MMIS plan and exempted from the Schweiker penalty

3/ States that do not report any Private Sector Contractors MMIS costs

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